

FY18 BUDGET REQUESTS

Missouri's executive branch agencies submit appropriations requests to the Office of Administration each fall; OA helps the Governor and his/her staff prepare a budget for all of state government, which is then presented to the Legislature in early January.

This process is underway for the fiscal year that will begin next summer, July 1, 2017.

Historically, four other agencies of the executive branch have requested authority to spend money from the PSTIF. Because state law requires that the PSTIF Board of Trustees approve all expenditures from the Trust Fund, those agencies' appropriations requests are typically presented to the Board in September of each year.

The following requests have been received and are enclosed:

Agency	FY17 Request*	FY18 Request*
Department of Revenue	\$28,905	\$29,462
Attorney General's Office	\$79,620	\$81,212
Department of Natural Resources	\$1,066,803	\$1,381,033
Office of Administration (for central state services)	\$79,248	<i>To be determined</i>

**Figures do not include payroll taxes and fringe benefits or COLA added by Legislature and Governor.*

Board action on these requests is requested.

In addition, the Board of Trustees must request appropriation authority each year for its own expenditures. The Board's current appropriations are:

\$127,550 for salaries
\$2,095,354 for expense & equipment
\$20,070,000 for claims and refunds

These same appropriations are recommended for FY17.

JEREMIAH W. (JAY) NIXON
GOVERNOR



JOHN MOLLENKAMP
ACTING DIRECTOR OF REVENUE

MISSOURI DEPARTMENT OF REVENUE
POST OFFICE BOX 311
JEFFERSON CITY, MISSOURI 65105-0311
PHONE: (573) 751-4450
FAX: (573) 751-7150
WEBSITE: www.dor.mo.gov
E-MAIL: dormail@dor.mo.gov
August 29, 2016

RECEIVED
SEP 01 2016
BY PSTIF

Carol R. Eighmey
Executive Director
Missouri PST Insurance Fund
P.O. Box 836
Jefferson City, MO 65102

Dear Ms. Eighmey:

The Department of Revenue will request funding from the Petroleum Storage Tank Insurance Fund in its Fiscal Year 2018 budget request. The funding is for \$28,391 personal services and one FTE and related expense and equipment costs of \$1,071.

In your letter dated July 28, 2016, you also requested that the Department post the transport load fees to the month they are due instead of the month of receipt. Unfortunately, the Department is unable to accommodate this request. The current system posts monies to the applicable period after the return is received and posted. The Department often receives returns and remittances at different times and cannot tell at the point of receipt how the money should be applied.

Please let me know if the Department can be of further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "John R. Mollenkamp", written over a horizontal line.

John R. Mollenkamp

JRM/NDH

c: Lynn Bexten
Nancy Holtschneider



ATTORNEY GENERAL OF MISSOURI

JEFFERSON CITY

65102

CHRIS KOSTER
ATTORNEY GENERAL

P.O. Box 899
(573) 751-3321

September 1, 2016

Carol R. Eighmey
Executive Director
Petroleum Storage Tank Insurance Fund
P.O. Box 836
Jefferson City, MO 65102

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SEP 06 2016

BY PSTIF

Dear Ms. Eighmey,

Thank you for your letter dated July 29, 2016, regarding our FY-18 appropriation request from the Petroleum Storage Tank Insurance Fund (PSTIF). We plan to request the following appropriation authority from PSTIF for FY-18:

1.50 FTE
\$81,212 Personal Services

Thank you for your assistance with this matter. Please don't hesitate to contact my office at 751-4406, if you have any questions.

Respectfully,

Rhonda S. Meyer
Deputy Chief of Staff

Cc: Tim Duggan
Arlene Boessen



Jeremiah W. (Jay) Nixon, Governor • Sara Parker Pauley, Director

DEPARTMENT OF NATURAL RESOURCES

www.dnr.mo.gov

September 9, 2016

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SEP 12 2016

BY PSTIF

Mr. Donald McNutt, Chairman
Missouri Petroleum Storage Tank Insurance Fund
Midwest Petroleum Company
6760 Southwest Avenue
St. Louis, MO 63143-2635

Ms. Carol Eighmey, Executive Director
Missouri Petroleum Tank Insurance Fund
P.O. Box 836
Jefferson City, MO 65102

Dear Mr. McNutt and Ms. Eighmey:

With this letter, the Missouri Department of Natural Resources (Department) is respectfully submitting for the PSTIF Board's approval a budget request for petroleum storage tank related activities for (FY) 2018. The Department is requesting an amount of \$1,381,033, plus actual fringe benefits and any pay plan adjustments. The major activities to be performed with this funding are included in the enclosed document. The details of this request are identified in the chart below.

During the 2016 Program Review by the Environmental Protection Agency (EPA), a preliminary finding was made by the EPA indicating the workload per project manager is contributing to the delay in accomplishing remediation activities and getting projects completed. The EPA recommends at least 4 additional FTE (Registered Geologists and/or Professional Engineers in Missouri) to conduct document reviews and other remediation project activities. Therefore in addition to the core funding, the FY 2018 budget includes a request for 3 Geologist IIIs and a Geologist IV to conduct remediation project oversight. The addition of project managers will also improve the timeliness of document reviews, move projects along quicker and lead to more timely closure of remediation projects.

In addition to the above request, beginning with the FY2018 budget, the Department will revert back to paying our HB13 leasing costs and some Information Technology Services Division (ITSD) costs (specifically the annual Microsoft licenses and monthly telecommunications invoices) applicable to direct programmatic staff with direct funding sources (e.g. fees/taxes). These costs support current core program staff, activities, buildings and services.

Mr. Donald McNutt
Ms. Carol Eighmey
Page Two

Department of Natural Resources 2018 Funding Request	
FY 2017 Board Approved Budget	\$1,066,803
FY 2017 Cost of Living Adjustment	\$ 14,220
FY2018 Expansion (4 FTE plus expense & equipment)	\$ 268,297
Direct Funding for:	
HB13 Leasing	\$ 34,413
HB5 ITSD Telecommunications & Software Licensing	\$ 5,359
Cost Allocation Transfer Changes	\$ (8,059)
FY 2018 Budget Request *	<u>\$1,381,033</u>
<i>*The Department also requests funding for actual fringe benefits and any additional cost of living adjustment approved in the FY 2018 state budget</i>	

It should be noted that the Department has seen reduced or nearly stagnant core funding in the Leaking Underground Storage Tanks (LUST) grants provided by the Environmental Protection Agency to perform petroleum related activities (see the attached charts). This level of funding is having an impact on the timeliness of our inspection compliance reviews and our ability to respond to tank owners' and operators' technical, operational and compliance questions, as well as our ability to maintain our remediation document review times.

In closing, I would like to thank you for your consideration of this budget request. Steve Sturgess, of my staff, will be attending the September 29, 2016, PSTIF Board Meeting and will be available to discuss this budget request and answer any questions the Board may have. If you have any questions or comments regarding the information included with this letter, please contact Mr. Sturgess before then, at the Hazardous Waste Program, P.O. Box 176, Jefferson City, Missouri 65102-0176, or by phone at (573) 751-2747.

Sincerely,

DEPARTMENT OF NATURAL RESOURCES



Sara Parker Pauley
Director

SPP:kks

Enclosures

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SEP 12 2016

BY PSTIF

PSTIF FY2018 Budget Attachment

If funding is provided at the level requested in the attached letter for State Fiscal Year 2018 (FY2018), with the addition of additional project managers, the Department plans to improve the timeliness of document reviews, moving projects along quicker and lead to more timely closure of remediation projects.

The major activities associated with this funding include:

1. Remediation oversight and approval of site characterization work plans and reports.
2. Review and approval of risk assessment reports.
3. Review and approval of groundwater monitoring reports.
4. Review and approval of corrective action plans.
5. Review and follow up on underground storage tank (UST)/aboveground storage tank (AST) spill reports.
6. Financial responsibility reviews.
7. Database management.
8. Review of tank closure reports, out of use tank assessments and related correspondence.
9. Source investigations.
10. Inspection reviews and compliance determinations for PSTIF participants.
11. Equipment and UST product approvals.
12. UST installation inspections.
13. Inspection contractor oversight.
14. Providing technical oversight and conducting meetings with tank owners/operators, consultants.
15. UST/AST administrative activities.

Petroleum Storage Tank Insurance Fund (PSTIF) funds are also used to meet the federal match requirement for staff time spent on remediation, closure and inspection reviews. The leaking underground storage tank (LUST) – Corrective Action grant requires a 10 percent match and the LUST – Preventative grant requires a 25 percent match. Being able to meet this match with PSTIF funds allows us to bring in considerable federal funds for Missouri tanks related activities.

PSTIF Funds will not be used for the following activities:

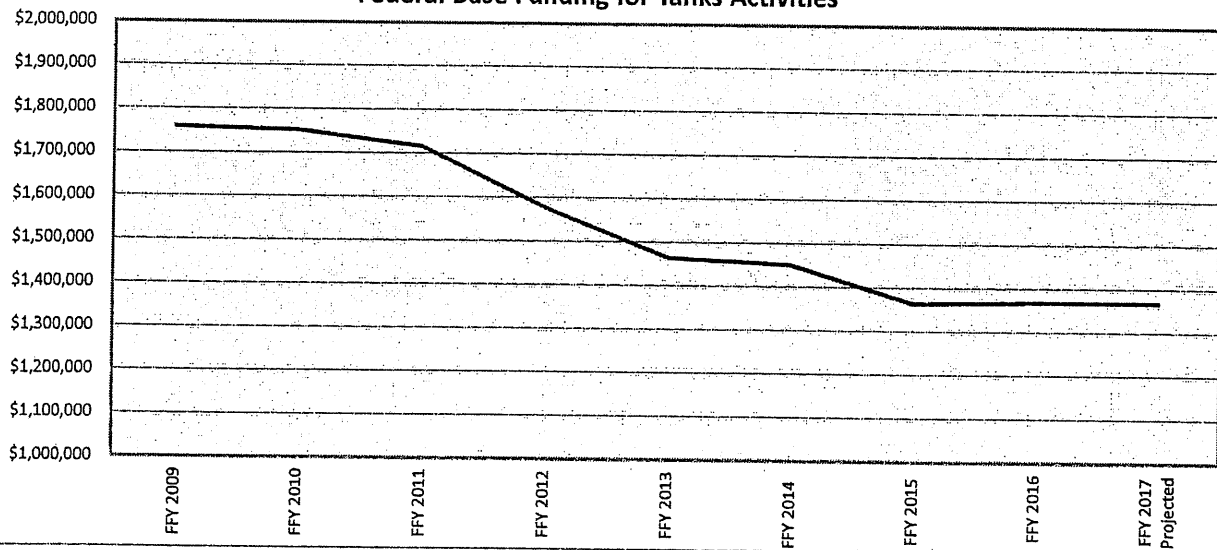
1. Inspections and compliance reviews of non-PSTIF insured sites.
2. Review of operating records submitted by non-PSTIF insured sites.
3. Site characterization, cleanup or well installation by Missouri Geological Survey or the department's Environmental Services Program.
4. UST or AST rulemaking activities.
5. Enforcement actions.
6. Collection or reporting of state tank fees.
7. Cost recovery activities.
8. Natural Resource Damages activities.

Federal funding under the LUST Corrective Action or Preventative Grants or funding from the Underground Storage Tank Regulation Fund will be used to support these activities.

Federal Base-Level Funding for Tanks Activities by Federal Fiscal Year

Federal Fiscal Year	Total Tanks Activity Base Federal Funding	Change from Prior FFY
FFY 2009	\$ 1,758,000	
FFY 2010	\$ 1,751,000	\$ (7,000)
FFY 2011	\$ 1,715,000	\$ (36,000)
FFY 2012	\$ 1,577,000	\$ (138,000)
FFY 2013	\$ 1,464,000	\$ (113,000)
FFY 2014	\$ 1,450,196	\$ (13,804)
FFY 2015	\$ 1,364,000	\$ (86,196)
FFY 2016	\$ 1,368,000	\$ 4,000
FFY 2017 Projected	\$ 1,368,000	

Federal Base Funding for Tanks Activities



Tank Activities Funding Available by State Fiscal Year

<u>State Fiscal Year</u>	<u>Petroleum Storage Tank Insurance Fund</u> <u>Board Approved Budget</u>	<u>Underground Storage Tank Regulation Fund Average</u> <u>Revenues</u>	<u>Federal Base Funding</u>	<u>Federal Special Project Funds</u>
	<u>(Note 1)</u>	<u>(Note 2)</u>	<u>(Note 3)</u>	<u>(Note 4)</u>
2012	\$939,333	\$145,006	\$1,611,500	\$137,000
2013	\$939,333	\$145,006	\$1,492,250	
2014	\$1,055,715	\$145,006	\$1,464,000	\$330,000
2015	\$1,062,992	\$145,006	\$1,450,196	\$125,000
2016	\$1,066,803	\$145,006	\$1,364,000	
2017	\$1,081,023	\$145,006	\$1,368,000	

Notes

(1) Petroleum Storage Tank Insurance Fund- In fiscal year 2012 the board began approving salaries and expenses plus any cost of living increases and actual fringe transfers related to budgeted expenditures. Fringe transfers are not reflected in the amounts above.

(2) The Underground Storage Tank Regulation Funds available are based on the average revenues to the fund over the five-year revenue cycle from 2012-2016. The five-year cycle is based on billing the \$15 annual charge for each tank cumulatively once every five-years. There are two low years and three high years in each revenue cycle.

(3) Federal funds are awarded in two separate cooperative agreements. Over the last several years the format and timing of these agreements has been modified. The Department now is receiving awards that run from April 1 through March 31. The funds above are calculated on the base funding available to the state of Missouri to include in these agreements from related EPA federal fiscal year allocations.

(4) At times EPA may have additional funds available to states generally on a competitive basis for special proposed projects. These funds are placed into the on-going cooperative agreements.

Fiscal Year 2012: the Department was awarded funds for two special projects:

- * \$43,000 to conduct characterization and risk assessment activities at several sites where UST closure or removal had previously been addressed through the use of contractors.
- * \$94,000 to work with communities along Old Historic Route 66 to provide assessments of abandoned gasoline stations for petroleum contamination through the use of contractors.

Fiscal Year 2014: the Department was awarded:

- * \$125,000 to maintain the level of effort on cleanups completed by funding existing personnel or hiring private contractors and provide state oversight of their work on tanks sites.
- * \$175,000 for contractual activities to reduce risks associated with identified abandoned sites where drinking water has been impacted.
- * \$30,000 to replace federal funding cuts under the preventative cooperative agreement to be used to fund inspections and program activities required under the Energy Policy Act.

Fiscal Year 2015: the Department received:

- * \$30,196 under the preventative cooperative agreement as one time funding to replace federal funding cuts.
- * The Department received \$125,000 for special project purposes under the corrective action cooperative agreement.

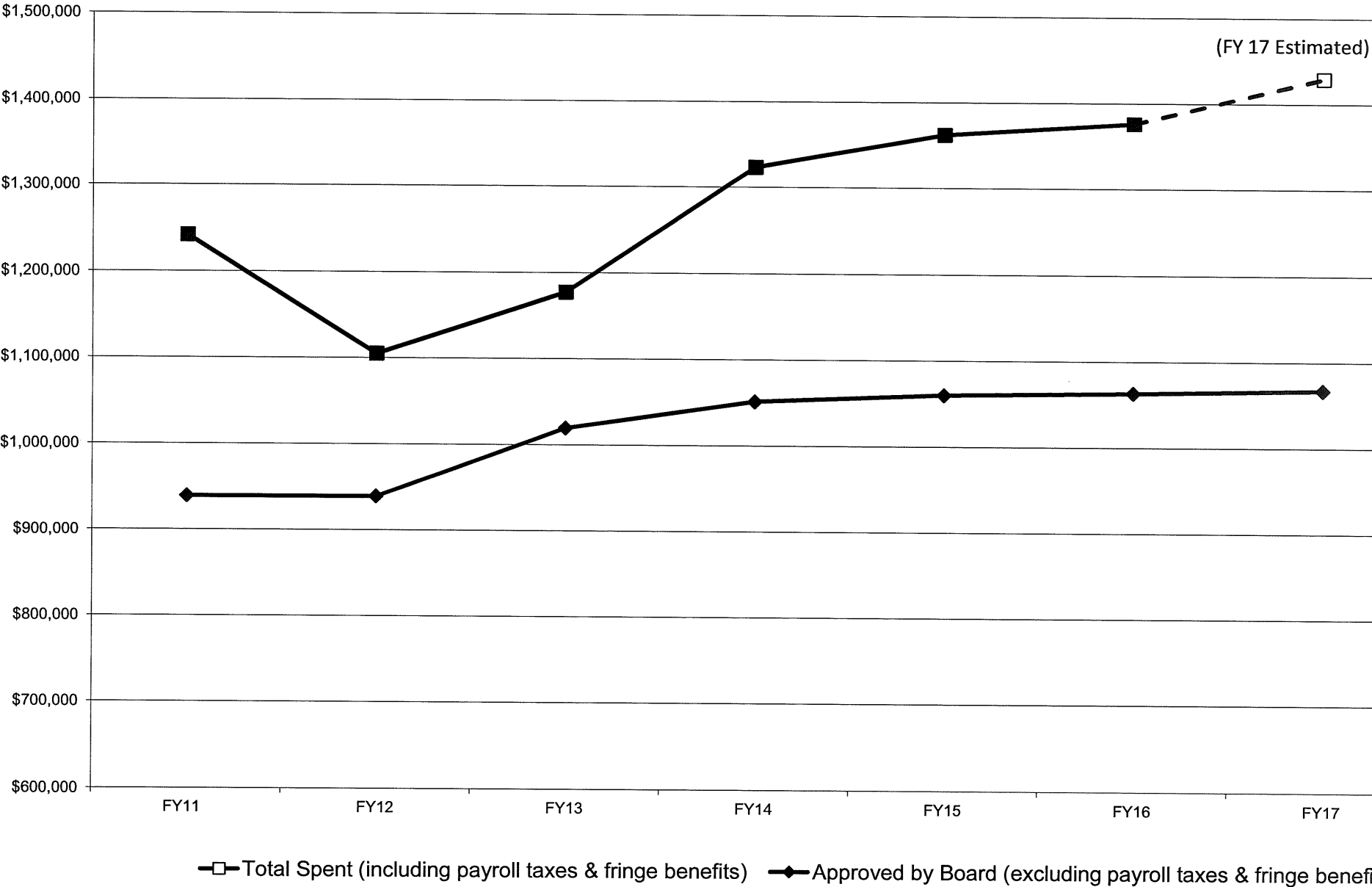
Fiscal Year 2016: the Department:

- * has not received any additional special project funds but did have reductions in base federal funding.

History of PSTIF Funding for DNR

	FY15			FY16			FY17		FY18
	<i>Originally Requested Sept 2013</i>	<i>Approved by the Board</i>	<i>Actually Spent (per C. Luebbering, 8/24/15)</i>	<i>Requested Sept 2014</i>	<i>Approved by the Board</i>	<i>Actually Spent (per C. Luebbering, 8/18/16)</i>	<i>Requested Sept 2015</i>	<i>Approved by the Board</i>	<i>Requested Sept 2016</i>
Personal Services (salaries)*			\$707,137			\$708,721	\$711,006	\$711,006	\$958,698
Expenses & Equipment*			\$68,354			\$68,354	\$68,354	\$68,354	\$103,179
Cost Allocation Fund (overhead)			\$90,841			\$92,501	\$106,843	\$106,843	\$98,784
ITSD (computer support)			\$113,611			\$119,110	\$139,253	\$139,253	\$144,612
Rents/Building Costs			\$38,349			\$39,661	\$41,347	\$41,347	\$75,760
Special DGLS Software Project									
Integrated Data Project				\$47,396					
Total	\$1,059,765	\$1,059,765	\$1,018,292	\$1,107,161	\$1,062,992	\$1,028,347	\$1,066,803	\$1,066,803	\$1,381,033
Pay Plan Adjustments (COLA)		\$3,227			\$3,227			\$14,220	
Board-approved amt w/ pay adjustmts		\$1,062,992			\$1,110,388			\$1,081,023	
Payroll taxes & Fringe Benefits			\$343,776			\$347,814		\$348,108	\$460,175
Total Spent			\$1,362,068			\$1,376,161		\$1,429,131	\$1,841,208

History of PSTIF Funding for DNR



	<i>PSTIF</i>	<i>USTR</i>	<i>Fed - Core</i>	<i>Fed - Special</i>	<i>Total</i>	<i>PSTIF % of Total</i>
FY11	\$936,156	\$154,536	\$1,724,000	\$100,000	\$2,914,692	32.12%
FY12	\$939,333	\$148,780	\$1,611,500	\$137,000	\$2,836,613	33.11%
FY13	\$939,333	\$148,780	\$1,492,250		\$2,580,363	36.40%
FY14	\$1,055,715	\$148,780	\$1,464,000	\$330,000	\$2,998,495	35.21%
FY15	\$1,062,992	\$148,780	\$1,420,000	\$155,196	\$2,786,968	38.14%
FY16	\$1,376,161	\$133,781	\$1,473,063	\$91,096	\$3,074,101	44.77%

